ALLANGRAY

Investing in the Allan Gray Endowment

If your marginal income tax rate is higher than 30% and you want to benefit from tax savings, you can use an endowment for your long-term savings goals. It is also a useful product for estate-planning purposes as your beneficiaries can receive your investment immediately and there are no executor fees.

Important parties involved in the policy

Policyholder ("you")
The legal owner of the policy.

Life assured
The life assured is the person on whose life the policy is issued. The policy comes to an end when the life assured dies. If there is more than one life assured, the policy will end when the last life assured dies.

Last life assured
The life assured under the policy who outlives the other lives assured (if any). The policy ends when this person dies.

Beneficiary for ownership
If the policyholder and the life assured are not the same person, or if there is more than one life assured, you may nominate a beneficiary for ownership to become the owner of the policy after your death. This only applies if the policyholder is a natural person. If there is more than one policyholder, each policyholder may nominate only one beneficiary for ownership.

Beneficiary for proceeds
If the policyholder is a natural person and is the only life assured, you may nominate a beneficiary for proceeds to receive the proceeds of the policy after your death.

Who gets the proceeds when the last life assured dies?

Surviving policyholders will receive the proceeds. If there are no surviving policyholders, the proceeds will be paid to the beneficiary(ies) for proceeds. If no beneficiaries are nominated, the proceeds will be paid into the estate of the policyholder – in this case, executor fees will apply.

Restriction period

Legislation that governs an endowment imposes a restriction period during which there are restrictions on the withdrawals you may make from the policy. This applies to:

- The first five years of your policy; or
- Five years from the first business day of any month during which the 120% rule takes effect

The 120% rule takes effect when your contributions in any policy year are greater than 120% of the higher of any of the previous two policy years' total contributions. Allan Gray will accept these contributions into the same policy and extend the restriction period (if you are already in a restriction period) or start a new five-year restriction period on the entire policy.

Withdrawals

You are allowed only one withdrawal during the restriction period. This withdrawal is limited to the lesser of:

- The restricted amount, i.e. your contributions during the restriction period, including the market value of the policy the day before the restriction period started, plus 5% annual compound interest; or
- The market value of the investment less fees and charges

If the difference between the restricted amount (during a restriction period) and the total market value of the investment, less fees and charges, is less than R10 000 or an amount prescribed by legislation, you may withdraw the total market value of the investment, less fees and charges.

Allan Gray may insist you withdraw the full amount if the remaining balance after the maximum allowable withdrawal is less than an amount we may determine from time to time. In all other situations, any remaining balance must stay invested until the restriction period ends.

If the policy is not in a restriction period, you may withdraw part or all of the market value of the investment (less fees and charges) and/or schedule regular withdrawals. If the remaining balance after a withdrawal is less than an amount Allan Gray may determine from time to time, we may insist you withdraw the full amount.

Any capital gains tax owing at the time of the withdrawal is subtracted from the benefit when it is paid.

Consider the overall composition of your investment

Your selected unit trusts invest into various asset classes such as equities, bonds, property and cash, in line with their investment mandates. These underlying assets have different levels of risk and return associated with them. You should carefully consider the composition of your investment to make sure it is appropriate for your goals and aligns with your risk appetite. Too high a proportion of riskier assets, such as equities, means you could face a greater risk of losing capital. On the other hand, as riskier assets often carry higher potential for returns, too low a proportion could result in returns that don't meet your investment goals.

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You can change your unit trust selection if your needs change.

Cancelling your policy

There is a cooling-off period of 31 calendar days within which you may cancel your policy in writing.

You will be refunded your contributions, less any market losses and charges incurred until Allan Gray received your instruction to cancel the policy. You will not receive interest or market growth on the investment.

You may not cancel the policy if you were paid any benefits or changed your selected unit trust(s) within the cooling-off period.

Contact details

Please contact our Client Service Centre on 0860 000 654 or +27 (0)21 415 2301, email info@allangray.co.za or visit www.allangray.co.za.

For more information, see the Terms and Conditions of your investment, available online at www.allangray.co.za.

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Management Company
Allan Gray Unit Trust Management (RF) (Pty) Ltd (the "Management Company") is registered as a management company under the Collective Investment Schemes Control Act 45 of 2002, in terms of which it operates unit trust portfolios under the Allan Gray Unit Trust Scheme, and is supervised by the Financial Sector Conduct Authority (FSCA). The Management Company is incorporated under the laws of South Africa and has been approved by the regulatory authority of Botswana to market its unit trusts in Botswana, however, it is not supervised or licensed in Botswana. Allan Gray (Pty) Ltd (the "Investment Manager"), an authorised financial services provider, is the appointed investment manager of the Management Company and is a member of the Association for Savings & Investment South Africa (ASISA).

The trustee/custodian of the Allan Gray Unit Trust Scheme is Rand Merchant Bank, a division of FirstRand Bank Limited. The trustee/custodian can be contacted at RMB Custody and Trustee Services: Tel: +27 (0)11 301 6335 or www.rmb.co.za.

Performance
Collective investment schemes in securities (unit trusts or funds) are generally medium- to long-term investments. The value of units may go down as well as up and past performance is not necessarily a guide to future performance. The Management Company does not provide any guarantee regarding the capital or the performance of the Fund. Performance figures are provided by the Investment Manager and are for lump sum investments with income distributions reinvested. Actual investor performance may differ as a result of the investment date, the date of reinvestment and applicable taxes.

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Information for investors in the endowment
The Allan Gray Endowment is administered by Allan Gray Investment Services (Pty) Ltd, an authorised administrative financial services provider, and underwritten by Allan Gray Life Ltd, an insurer licensed to conduct investment-linked life insurance business as defined in the Insurance Act 18 of 2017. The underlying investment options of the Allan Gray individual products are portfolios of collective investment schemes in securities (unit trusts or funds).

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